



Legislation Text

File #: Ordinance 03-2016, **Version:** 3

Agenda Date: 12/06/2016

Subject:

An ordinance on second reading abolishing the Littleton Invests for Tomorrow Urban Renewal Authority pursuant to C.R.S. § 31-25-115(2)

Presented By: Mike Braaten, Deputy City Manager

POLICY QUESTION:

Does city council support abolishing the Littleton Invests for Tomorrow (LIFT) Urban Renewal Authority?

REVISED BACKGROUND:

At the March 15, 2016 meeting, Council Member Valdes moved, with Council Member Cole seconding and the city council voting 5-2 (Brinkman and Hopping voting “no”) to "direct the city manager to provide to council at the next scheduled regular council meeting on April 5, 2016 an ordinance or ordinances and resolutions for council's consideration and vote to dismantle Littleton's urban renewal and the LIFT Board including the handling of the outstanding loan to LIFT, and addressing any tax collection concerns, if any, and consider the status of any pending litigation concerning urban renewal.”

On April 5, 2016 Mayor Pro Tem Brinkman moved and Council Member Hopping seconded that Ordinance 03-2016 abolishing the Littleton Urban Renewal Authority pursuant to CRS 31-25-115 (2) and repealing the city’s urban renewal plans be tabled until June 7, during which time council will conduct meetings with the appointed Urban Renewal Authority, the Planning Board, and other pertinent entities as appropriate in order to learn and explore all sides of the issues and determine in open meetings whether or not the dissolution of LIFT and the city’s urban renewal plans is in the best interests of citizens. The vote was 5-2 with Mayor Beckman and Council Member Clark voting no.

On May 3, 2016 Council Member Hopping moved and Council Member Brinkman seconded to reschedule the joint study session with Planning Board and LIFT from May 24, 2016 to June 14, 2016, moving first reading of ordinance 03-2016 in reference to the abolishment of Littleton Invests for Tomorrow and repealing the city's urban renewal ordinances to July 5, 2016 with the second reading and public hearing on July 19, 2016. The vote was 5-2, the motion carried with Council Members Clark and Valdes voting no.

On July 5, 2016 Council Member Hopping moved and Council Member Cernanec seconded to postpone indefinitely an ordinance abolishing the Littleton Invests for Tomorrow Urban Renewal Authority pursuant to C.R.S. § 31-25-115(2) and repealing the city's urban renewal plans until further study by council.

Council Member Cole moved and Council Member Valdes seconded to amend the motion to postpone [the ordinance] to date certain on October 4, with study sessions to be scheduled to discuss LIFT and Urban Renewal. That motion carried 6-1 with Council Member Hopping voting no.

Following that motion, council had two additional study sessions to further discuss urban renewal. Those study sessions occurred August 9 and August 23, 2016 and staff memorandums provided at those meetings in response to council questions are provided as attachments to this council communication.

At the October 4, 2016 city council meeting, council approved three ordinances for second reading and public hearing on December 6, 2016 to repeal the urban renewal plans for Santa Fe, Littleton Boulevard and North Broadway urban renewal areas. Council chose not to approve the repeal of the Columbine Square urban renewal plan on first reading, meaning it is no longer under consideration for repeal. Lastly, council also passed an ordinance on first reading to abolish the city's urban renewal authority (Littleton Invests for Tomorrow, or LIFT). Additionally, at this meeting, staff was instructed to provide notice to all property owners in the urban renewal plan areas alerting them that council is considering repeal of the urban renewal plans and informing them of second reading on December 6, 2016.

Using property ownership information from Arapahoe County, in combination with records maintained by the City's Economic Development Department, the city mailed 1,112 letters to property owners and occupants. Of the 1,112 letters, 223 were returned as undeliverable by the US Post Office. The letters to property owners/occupants generated a total of four telephone calls and one in-person visit to city staff with questions pertaining to the content of the letter. A copy of the letter is provided as an attachment to this council communication.

REVISED STAFF ANALYSIS:

The Colorado Urban Renewal Law provides the following process for abolishing an urban renewal authority:

“The governing body of a municipality may by ordinance provide for the abolishment of an urban renewal authority, provided adequate arrangements have been made for payment of any outstanding indebtedness and other obligations of the authority. Any such abolishment shall be effective upon a date set forth in the ordinance, which date shall not be less than six months from the effective date of the ordinance.” C.R.S. § 31-25-115(2).

LIFT's only "outstanding indebtedness and other obligations" is the existing loan agreement with the city. The principal amount of the loan is \$150,000 and the outstanding balance at the end of 2016 is estimated to be \$151,590. Should LIFT be abolished, staff recommends and the proposed ordinance states that the city is to be paid back for the loan first through any sales tax collected by LIFT from the city and any uncommitted fund balance in the LIFT operating account, and secondly by any property tax collected by LIFT from the city. This arrangement allows all other taxing entities to be kept whole and all property tax funds collected from the various taxing entities be returned to them on a pro rata share.

As of the end of October, 2016, LIFT has \$33,639 in its operational account. The city has paid a total of \$114,040 in city sales tax increment funds to LIFT for sales tax year 2015 (paid in 2016). City specific property tax increment to LIFT in 2016 totals approximately \$20,840 from all plan areas. Total property tax increment collected from all entities across all urban renewal plan areas totals \$263,392 through October (NOTE: the amount of property tax to LIFT is slightly less than the totals represented here due to county assessor administrative fees).

The city has four urban renewal plans, two of which were adopted in November 2014 (Columbine Square and Santa Fe), and two that were adopted in December 2014 (North Broadway and Littleton Boulevard). The Columbine Square urban renewal plan was amended by city council in February, 2015. Additional ordinances

under council consideration provide for the repeal of the Santa Fe, North Broadway and Littleton Boulevard plans effective seven days after publication following council approval. Should repeal of the plans be approved, tax increment revenue will cease to be collected. Repeal of the plans does not trigger a requirement for ratification by the voters under section 64.5 of the city charter. Since council chose to “not repeal” the Columbine Square plan, then LIFT must be kept to administer that plan. If council approves abolishing LIFT on second reading, it will result in the de facto repeal of the Columbine Square urban renewal plan.

Additionally, the ordinance abolishing LIFT also repeals any prior adopted urban renewal plans in an effort to address any concerns regarding past urban renewal plans adopted by the city.

If council chooses not to abolish LIFT, the current board members can continue to serve or, council has the option to be seated as the urban renewal authority board. For council to be seated as the LIFT board, the issue must be referred to and approved by the voters at the next regular city election (November, 2017). If council chooses to put this to the voters, and the voters approve of the city council being seated as the LIFT board, abolishment of LIFT could then occur.

As a reminder, the city council adopted two resolutions relating to how urban renewal will be administered in Littleton.

The first, resolution number 75 of 2014, adopted on August 19, 2014, resolves that:

“The city council does not support, and will not approve, any urban renewal plan, which includes the use of eminent domain for the acquisition of property as part of an urban renewal project within the City of Littleton. [The foregoing restriction shall not apply where the property owner has requested the use of eminent domain with respect to such owner’s property.]”

The second, resolution number 88 of 2014, adopted on September 16, 2014, resolves that:

“The city council hereby directs city staff to include all impacted taxing entities in the financial discussions for any development project, which may utilize tax increment financing through the city’s urban renewal authority, to ensure that no urban renewal project moves forward without the full support and approval of all impacted taxing entities.”

Staff recommends that these resolutions be revisited in a study session, should city council choose to not abolish LIFT and continue the use of urban renewal in Littleton.

REVISED FISCAL IMPACTS:

Likely fiscal impacts include additional minimal administrative costs and legal fees associated with abolishing LIFT and returning the property tax funds to the appropriate taxing entities.

At the first reading of this ordinance, city council requested to know the costs incurred by the City to support LIFT or costs borne by the city related to urban renewal. For 2016, through October 31, excluding staff time and copy/copier costs, the city has incurred a total of \$38,666 in legal fees, litigation testimony fees, and contract videography services. The legal fees (\$37,386) are specific to the city’s urban renewal attorney/outside counsel of Hoffman, Parker, Wilson and Carberry. Additional contract legal fees will be incurred through the remainder of the year related to urban renewal from this firm and from the acting city attorney’s firm of Kissinger and Fellman.

COUNCIL OPTIONS:

- A) Vote yes. This will repeal LIFT and results in the de facto repeal of Columbine Square urban renewal plan, direct LIFT to repay the outstanding loan with the city sales tax increment, LIFT operating account funds and city property tax increment. Return all remaining property tax to impacted taxing entities on a pro rata share per state statute.
- B) Vote no. This will keep LIFT and keep the Columbine Square urban renewal plan in place. Should council vote no, staff recommends a study session to discuss options and to provide direction to staff and LIFT on how city council desires LIFT address the remaining debt to the city, operating funds, and any outstanding questions related to the remaining urban renewal plan(s). If urban renewal plans are approved to be repealed by council, the process for the return of funds to impacted taxing entities is outlined in state statute.

REVISED STAFF RECOMMENDATION:

Given council's action on first reading to keep the Columbine Square urban renewal plan active, staff recommends a "no" vote on this ordinance. If city council votes to approve this ordinance, it will result in the de facto repeal of the Columbine Square urban renewal plan.

Should council choose to keep LIFT, council direction is needed on how to deal with LIFT's existing debt and ensuring appropriate LIFT operating funds. If this is the case, staff recommends a study session to further discuss options. Should a study session not be desired by council, staff recommends the debt to the city be either 1) forgiven in total, or 2) paid back through the city sales and property tax increment collected by LIFT with any remaining balance being forgiven by the city, or 3) allow LIFT to make installment payments with increment revenues derived from city sales and property tax. The remainder of the increment funds collected in the three repealed plan areas would then be returned to the originated taxing entities on a pro rata share per state statute. This preserves LIFT's operating fund balance, which they will need to administer the Columbine Square urban renewal plan. LIFT will also need to address the existing agreements to return funds not related to a project at remaining urban renewal plan areas once a decision on urban renewal is finalized.

PROPOSED MOTION:

I move to approve the ordinance abolishing the Littleton Invests for Tomorrow Urban Renewal Authority pursuant to C.R.S. § 31-25-115(2).